

**ASSEMBLY BILL**

**No. 847**

---

**Introduced by Assembly Member Charles Calderon**

February 26, 2009

---

An act to repeal Section 6396 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 847, as introduced, Charles Calderon. Sales tax: property shipped outside state.

The Sales and Use Tax Law imposes a sales tax on a retailer measured by the gross receipts from the retail sale in this state of tangible personal property and a use tax on the storage, use, or other consumption of tangible personal property in this state of tangible personal property purchased from a retailer for storage, use, or other consumption in this state. That law provides various exemptions from those taxes, including an exemption from sales tax for a sale of tangible personal property in this state, when the contract of sale requires that property to be shipped, and it is shipped, in a specified manner, to a point outside the state.

Counties and cities are authorized to impose local sales and use taxes in conformity with the Sales and Use Tax Law, and districts are authorized to impose transactions and use taxes in conformity with the Sales and Use Tax Law. Amendments to the Sales and Use Tax Law are incorporated into these taxes.

This bill would repeal that sales tax exemption. The retail sale of tangible personal property in this state would be subject to tax, regardless of whether a contract of sale requires the property to be shipped, and it is shipped, to a point outside the state.

This bill would take effect immediately as a tax levy, but its operative date would depend on its effective date.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 6396 of the Revenue and Taxation Code  
2 is repealed.

3 ~~6396. There are exempted from the computation of the amount~~  
4 ~~of the sales tax the gross receipts from the sale of tangible personal~~  
5 ~~property which, pursuant to the contract of sale, is required to be~~  
6 ~~shipped and is shipped to a point outside this state by the retailer~~  
7 ~~by means of: (a) facilities operated by the retailer, or (b) delivery~~  
8 ~~by the retailer to a carrier, customs broker or forwarding agent,~~  
9 ~~whether hired by the purchaser or not, for shipment to such~~  
10 ~~out-of-state point.~~

11 ~~For purposes of this section, the term "carrier" shall mean a~~  
12 ~~person or firm engaged in the business of transporting for~~  
13 ~~compensation tangible personal property owned by other persons;~~  
14 ~~and includes both common and contract carriers. The term~~  
15 ~~"forwarding agent" shall mean a person or firm engaged in the~~  
16 ~~business of preparing property for shipment or arranging for its~~  
17 ~~shipment.~~

18 SEC. 2. This act provides for a tax levy within the meaning of  
19 Article IV of the Constitution and shall go into immediate effect.  
20 However, the provisions of this act shall become operative on the  
21 first day of the first calendar quarter commencing more than 90  
22 days after the effective date of this act.